



**VOTE
31**

SMALL BUSINESS DEVELOPMENT



**BUDGET
2017**
**ESTIMATES
OF NATIONAL
EXPENDITURE**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure

2017

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2017 is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. Compared to the Estimates of National Expenditure publication, the e-publications for each vote contain more comprehensive coverage of all public entities. Also included are tables containing information on programme specific personnel expenditure, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of site service delivery is included, where appropriate.

Foreword

The 2017 Budget is presented at a time when indications are that the global economy could grow moderately better than the last forecast. Global GDP is expected to grow at 3.4 per cent in 2017, 0.3 percentage points higher than 2016. But uncertainty persists. The trade policies that the United States of America will pursue are unclear. The exact nature of Britain's exit from the European Union and economic impact are unknown. There is also evidence that globalisation is losing favour in some parts of the world and protectionism is growing. The global economy could be very different in future, depending on how these trends evolve.

Given the uncertainty, we have revised down South Africa's GDP growth projections and expect that tax revenue will be lower over the MTEF period as a result. We have also reduced the expenditure ceiling by R10.3 billion in 2017/18 and R15.9 billion in 2018/19, in line with government's fiscal objective of reducing the deficit, achieving a primary surplus and stabilising debt. Since its introduction in 2012, the expenditure ceiling in each financial year has never been breached.

Government is committed to delivering on its priorities despite the lowered revenue forecast and expenditure ceiling. It is critical that we allocate our limited resources wisely and use them effectively. In the 2017 Budget process, measures were taken to free-up resources and baselines were reduced across all departments by R7.5 billion in 2017/18, R7 billion in 2018/19 and R6.7 billion in 2019/20. The contingency reserve was also drawn down, and provisionally reserved funds were reallocated. However, the bulk of the funds allocated to priority areas within and across functions were reprioritised from lower-priority budget areas.

To ensure that funding remains focused on frontline service delivery, efforts have been intensified to improve efficiency in expenditure. Budget limits on compensation of employees introduced in the 2016 Appropriation Act are carried over to 2017. Departments will manage personnel headcount and employee earnings in line with these budget allocations.

Overall non-interest expenditure is still set to grow by an annual average of 1.4 per cent in real terms, from R1.24 trillion in 2017/18 to R1.43 trillion in 2019/20. Proposals in the budget include net increases in funding for the Post-School Education and Training, Basic Education, Economic Affairs and Health functions. The Post-School Education and Training function is the fastest growing, at 9.4 per cent over the medium term. The funding is mainly for universities to subsidise fee increases and for the National Student Financial Aid Scheme.

The publication is a concrete expression of the collaborative effort of highly dedicated civil servants across government throughout the process to prepare the Budget. We are particularly appreciative of this, as well as the contributions from the Ministers' Committee on the Budget and the Directors-General in central government. We are also thankful to all National Treasury staff who, under the expert guidance and leadership of the Minister of Finance, Pravin Gordhan, and his Deputy, Mcebisi Jonas, worked tirelessly to produce this crucial document.

The wide-ranging coverage of the Estimates of National Expenditure provides a coherent and summarised account of the prioritisation, spending plans and service delivery commitments of all 40 national votes and of government agencies. These plans constitute an important mechanism through which Parliament and the public hold institutions, including the National Treasury and its entities, to account.

Within the current difficult fiscal context not everything we believe would be beneficial to do, can be done now. Thus it is imperative that activities planned on budget be done effectively and efficiently.



Lungisa Fuzile
Director-General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure (ENE) publications describe in detail government's expenditure plans over the next three financial years, also known as the medium-term expenditure framework (MTEF) period. The 2017 MTEF period is from 2017/18 to 2019/20.

The ENE publications contain information on: what government institutions aim to achieve over the medium term, and why; how they plan to spend their budget allocations in support of this; and what outputs and outcomes the spending is intended to produce. The publications also provide information on how institutions have spent their budgets in previous years, tables with performance data and targets, personnel data and detailed expenditure trends and estimates by programme, subprogramme and economic classification for each department and the entities that report to the vote's executive authority. Explanatory narratives detail the institution's mandate, purpose (and that of its programmes), together with programme-level objectives and descriptions of subprogrammes. Summary data tables at the end of each vote contain data on infrastructure, provincial and municipal conditional grants, departmental public private partnerships, donor funding, and expenditure at the level of site service delivery, where applicable.

A separate 2017 ENE Overview publication is also available on www.treasury.gov.za and summarises the ENE information across all votes. The 2017 ENE Overview contains a narrative explanation and budget-wide summary tables; a description of the budgeting approach; and it also has a write-up on how to interpret the information that is contained in each section of the publications.

Small Business Development

**National Treasury
Republic of South Africa**



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Vote 31

Small Business Development

Budget summary

R million	2017/18				2018/19	2019/20
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	127.6	125.1	–	2.6	128.8	137.2
Small, Medium and Micro Enterprises and Cooperatives Policy and Research	22.0	22.0	–	–	24.3	25.7
Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support	1 300.2	69.9	1 230.3	–	1 376.8	1 455.3
Total expenditure estimates	1 449.8	217.0	1 230.3	2.6	1 529.9	1 618.3

Executive authority: Minister of Small Business Development
 Accounting officer: Director General of Small Business Development
 Website address: www.dsbd.gov.za

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, personnel, entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, and expenditure information at the level of site service delivery, where appropriate.

Vote purpose

Promote the development of small businesses and cooperatives that contribute to inclusive economic growth and job creation.

Mandate

The Department of Small Business Development was established in May 2014 to lead an integrated approach to the promotion and development of small businesses and cooperatives. The department's work in this regard focuses on the economic and legislative drivers that stimulate entrepreneurship and contribute to radical economic transformation. The realisation of this mandate will lead to increased employment, poverty reduction and reduced inequality.

The department's mandate is guided by a legislative framework that includes:

- the National Small Business Act (1996)
- the National Small Business Amendment Act (2004)
- the Small Business Development Act (1981)
- the Cooperatives Act (2005)
- the Cooperatives Amendment Act (2013).

Selected performance indicators

Table 31.1 Performance indicators by programme and related outcome

Indicator	Programme	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of black small, medium and micro enterprises (SMMEs) financially assisted through the black business supplier development programme per year	Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support	Outcome 4: Decent employment through inclusive growth	1 066 ¹	1 872 ¹	480	600	641	677	715

Table 31.1 Performance indicators by programme and related outcome

Indicator	Programme	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of cooperatives supported through training per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support	Outcome 4: Decent employment through inclusive growth	-2	-2	350 ³	370 ³	270 ³	286 ³	302 ³
Number of cooperatives financially assisted through the cooperative incentive scheme per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support		243	431	350 ³	370 ³	270 ³	286 ³	302 ³
Number of informal business infrastructure funded through the shared economic infrastructure facility per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support	Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all	-2	-2	-2	-2	6	6	6
Number of informal enterprises financially assisted through the national informal business upliftment scheme per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support		-2	-2	-2	1 666	1 696	1 807	1 942
Number of incubators established through the enterprise incubation programme per year	Small Medium and Micro Enterprises and Cooperatives Programme Design and Support	Outcome 5: A skilled and capable workforce to support an inclusive growth path	-2	-2	-2	1	4	4	4

1. Target was reduced to align with available funds.

2. No historical data available.

3. This indicator was incorporated within "Number of cooperatives financially assisted through the cooperative incentive scheme per year". It should be noted that the training is the prerequisite of financial assistance, hence target for the two are the same.

Expenditure analysis

The Department of Small Business Development's work supports the realisation of the National Development Plan's goal of supporting small enterprises to transform the economy and make it more inclusive. It also contributes directly to outcome 4 (decent employment through inclusive growth) of government's 2014-2019 medium-term strategic framework, which sets the department the task of identifying the institutional and regulatory changes required to accelerate growth of the small business sector and increase its contribution to job creation. Over the medium term, the department plans to evaluate the strategy for the development of small enterprises and entrepreneurship, increase its support for small enterprises, develop and provide incentives to cooperatives, and support incubators for small enterprises. The department's total budget allocation, which includes transfers to the Small Enterprise Development Agency, is expected to increase at an annual rate of 7.1 per cent, from R1.2 billion in 2016/17 to R1.6 billion by 2019/20.

Evaluating and reviewing strategy

The department plans over the medium term to review the National Small Business Act (1996) and develop the National Small Business Amendment Bill. The bill is expected to include a more accurate definition of a small, medium and micro enterprise, which should allow for the development of more appropriate policy and support interventions. The bill will also propose recommendations to streamline public entities in the sector to avoid duplications in the support government provides to small businesses.

The department is also considering evaluating and revising the 2005 strategy for the development of small businesses and entrepreneurship. The evaluation will allow for an evidence-based review of the strategy to ensure that it is relevant and responsive to business cycles, recent economic activities, and the socioeconomic effects of high unemployment, inequality and poverty. The department has allocated R91.6 million, or 2 per cent of its budget over the medium term, for these legislative, regulatory and research activities.

Increasing support for small enterprises

The Small Enterprise Development Agency provides non-financial support and incubation to small enterprises and cooperatives through the National Gazelles and incubator support programmes. The National Gazelles programme is an enterprise accelerator that identifies high-potential small enterprises and provides them with mentorship and coaching, training, market development, and access to finance. The programme is set to support 600 small enterprises over the medium term. The incubation support programme provides institutional support for small enterprises and cooperatives to develop, pilot and refine innovations and approaches. The agency expects to place 7 379 small enterprises and cooperatives into incubators over the medium term. To fund these activities, the department is set to transfer R2.3 billion, or 50.3 per cent of the department's total budget

over the medium term, to the agency. The transfers are provided for in the *Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support* programme.

The department will continue to support small, black-owned enterprises through the black business supplier development programme, which is allocated R813.8 million over the medium term in the *Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support* programme. The black business supplier development programme is a cost-sharing grant offered to small, black-owned enterprises to acquire tools, machinery, equipment and training to the maximum of R1 million per applicant. An estimated 2 033 SMMEs are set to receive support through the programme over the medium term.

Small enterprises will also benefit from the national informal business upliftment scheme, which is allocated R311.5 million over the medium term. The scheme aims to develop and grow 5 445 informal businesses and cooperatives by providing financial and non-financial support services to improve competitiveness, facilitate market access, and leverage public and private procurement. Spending on the scheme falls under the *Competitiveness Support* subprogramme in the *Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support* programme.

The shared economic infrastructure facility is the main implementation pillar of the national informal business upliftment scheme. The facility provides a 50-50 cost-sharing grant for public-private sector investments in economic infrastructure. The grant targets mainly infrastructure projects that create an enabling environment for small businesses in townships, rural areas and inner cities. The department plans to support 18 informal business structures through the shared economic infrastructure facility over the medium term.

Providing incentives to cooperatives

The department plans to continue improving coordination between all spheres of government to strengthen support for cooperatives through the cooperative incentive scheme. The incentive is a 100 per cent grant for registered primary cooperatives, and is aimed at improving the viability and competitiveness of cooperative enterprises by lowering the cost of doing business. Funding for the cooperative incentive scheme is expected to increase at an annual average rate of 5.6 per cent over the medium term, from R75 million in 2016/17 to R88 million in 2019/20. However, the number of cooperatives accessing funding through the scheme will decrease from 370 in 2016/17 to 302 by 2019/20 due to budget constraints. The activities around cooperatives policy development will amount to R25.6 million over the medium term, budgeted for in the *Cooperatives Development* subprogramme in the *Small Medium and Micro Enterprises and Cooperatives Programme Design and Support* programme.

Supporting incubators for small enterprises

Over the medium term, the enterprise incubator programme plans to encourage public-private sector partnerships in support of incubators, and improved infrastructure facilities for SMMEs and cooperatives. The programme will incentivise market-driven incubators that will nurture small enterprises and cooperatives to gain competitive technical and business development skills, and mentorship for the fulfilment of supply-chain quality requirements. The department has allocated R193.5 million over the medium term, of which 83.8 per cent or R162.2 million will fund the establishment of incubators, to the *Market Development* subprogramme within the *Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support* programme. The department plans to support 12 incubators over the medium term. In partnership with other stakeholders, the department will develop programmes aimed at improving the quality of products and services; and assist local suppliers in expanding production capacity, identifying market access opportunities, and facilitating market opportunities internationally.

Expenditure trends

Table 31.2 Vote expenditure trends by programme and economic classification

Programmes														
1. Administration														
2. Small, Medium and Micro Enterprises and Cooperatives Policy and Research														
3. Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support														
Programme	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Revised estimate	Average: Outcome/Annual budget (%)	Average: Outcome/Adjusted appropriation (%)
R million	2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17	
Programme 1	13.5	13.5	13.5	45.0	45.0	22.4	64.0	81.4	66.4	118.1	114.0	108.6	87.6%	83.1%
Programme 2	13.5	13.5	13.5	12.2	12.2	11.7	15.2	11.7	11.7	26.1	25.8	21.7	87.5%	92.7%
Programme 3	1 012.6	1 012.6	1 025.4	1 027.4	1 027.4	1 091.5	1 024.0	1 034.4	1 020.8	1 181.3	1 178.6	1 077.2	99.3%	99.1%
Total	1 039.5	1 039.5	1 052.4	1 084.6	1 084.6	1 125.5	1 103.2	1 127.5	1 098.9	1 325.4	1 318.4	1 207.4	98.5%	98.1%
Change to 2016 Budget estimate												(7.0)		
Economic classification														
Current payments	87.1	87.1	87.1	130.7	130.7	100.9	166.2	166.5	137.5	215.5	208.5	193.5	86.6%	87.5%
Compensation of employees	55.3	55.3	55.3	84.0	84.0	73.8	109.7	111.5	93.1	136.7	129.7	114.7	87.4%	88.5%
Goods and services	31.8	31.8	31.8	46.8	46.8	27.1	56.5	55.0	44.3	78.8	78.8	78.8	85.1%	85.7%
Transfers and subsidies	951.4	951.4	964.2	949.2	949.2	1 023.0	935.8	958.4	958.2	1 105.8	1 105.8	1 009.8	100.3%	99.8%
Departmental agencies and accounts	648.7	648.7	661.5	624.7	624.7	644.4	610.4	610.4	622.8	633.8	633.8	633.8	-	-
Higher education institutions	-	-	-	-	-	-	-	12.5	-	-	-	-	-	-
Public corporations and private enterprises	294.1	294.1	294.1	308.2	308.2	362.3	308.8	318.8	318.6	472.0	472.0	376.0	97.7%	97.0%
Non-profit institutions	8.3	8.3	8.3	16.3	16.3	16.3	16.7	16.7	16.7	-	-	-	100.0%	100.0%
Households	0.3	0.3	0.3	-	-	-	-	0.1	0.1	-	-	-	126.3%	105.9%
Payments for capital assets	1.0	1.0	1.0	4.7	4.7	1.6	1.1	2.6	3.2	4.2	4.2	4.2	90.8%	80.0%
Machinery and equipment	1.0	1.0	1.0	4.7	4.7	1.6	1.1	2.6	3.2	4.2	4.2	4.2	90.6%	79.8%
Total	1 039.5	1 039.5	1 052.4	1 084.6	1 084.6	1 125.5	1 103.2	1 127.5	1 098.9	1 325.4	1 318.4	1 207.4	98.5%	98.1%

Expenditure estimates

Table 31.3 Vote expenditure estimates by programme and economic classification

Programmes									
1. Administration									
2. Small, Medium and Micro Enterprises and Cooperatives Policy and Research									
3. Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support									
Programme	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)	
R million	2016/17	2013/14 - 2016/17		2017/18	2018/19	2019/20	2016/17 - 2019/20		
Programme 1	108.6	100.6%	4.7%	127.6	128.8	137.2	8.1%	8.7%	
Programme 2	21.7	17.0%	1.3%	22.0	24.3	25.7	5.8%	1.6%	
Programme 3	1 077.2	2.1%	94.0%	1 300.2	1 376.8	1 455.3	10.6%	89.7%	
Total	1 207.4	5.1%	100.0%	1 449.8	1 529.9	1 618.3	10.3%	100.0%	
Change to 2016 Budget estimate				(9.7)	(10.1)	(10.8)			
Economic classification									
Current payments	193.5	30.5%	11.6%	217.0	226.8	242.2	7.8%	15.1%	
Compensation of employees	114.7	27.5%	7.5%	137.5	141.4	152.3	9.9%	9.4%	
Goods and services	78.8	35.4%	4.1%	79.5	85.4	89.9	4.5%	5.7%	
Transfers and subsidies	1 009.8	2.0%	88.2%	1 230.3	1 300.5	1 373.3	10.8%	84.6%	
Departmental agencies and accounts	633.8	-0.8%	57.1%	735.7	778.4	822.0	9.1%	51.2%	
Public corporations and private enterprises	376.0	8.5%	30.1%	494.6	522.1	551.4	13.6%	33.5%	
Payments for capital assets	4.2	59.4%	0.2%	2.6	2.6	2.7	-13.3%	0.2%	
Machinery and equipment	4.2	59.4%	0.2%	2.6	2.6	2.7	-13.3%	0.2%	
Total	1 207.4	5.1%	100.0%	1 449.8	1 529.9	1 618.3	10.3%	100.0%	

Goods and services expenditure trends and estimates

Table 31.4 Vote goods and services expenditure trends and estimates

	Audited outcome			Adjusted appropriation 2016/17	Average growth rate (%) 2013/14 - 2016/17	Average: Expenditure/Total (%) 2013/14 - 2016/17	Medium-term expenditure estimate			Average growth rate (%) 2016/17 - 2019/20	Average: Expenditure/Total (%) 2016/17 - 2019/20
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20		
R thousand											
Administrative fees	228	152	509	1 647	93.3%	1.4%	998	2 184	2 177	9.7%	2.1%
Advertising	738	737	1 946	2 960	58.9%	3.5%	2 365	3 350	3 538	6.1%	3.7%
Minor assets	2	23	40	71	228.7%	0.1%	125	82	89	7.8%	0.1%
Audit costs: External	-	-	1 072	3 274	-	2.4%	3 800	3 435	3 570	2.9%	4.2%
Bursaries: Employees	-	-	7	300	-	0.2%	350	380	401	10.2%	0.4%
Catering: Departmental activities	851	679	955	2 174	36.7%	2.6%	1 140	2 005	2 130	-0.7%	2.2%
Communication	694	892	1 481	1 684	34.4%	2.6%	1 101	1 981	2 101	7.7%	2.1%
Computer services	-	-	3 897	7 072	-	6.0%	6 360	6 705	7 126	0.3%	8.2%
Consultants: Business and advisory services	1 459	1 460	745	11 820	100.8%	8.5%	10 448	7 902	8 347	-10.9%	11.5%
Legal services	13	(315)	-	600	258.7%	0.2%	1 166	660	697	5.1%	0.9%
Contractors	2 187	1 402	673	1 306	-15.8%	3.1%	1 040	1 508	1 600	7.0%	1.6%
Agency and support/outourced services	125	(2)	-	120	-1.4%	0.1%	1 350	400	422	52.1%	0.7%
Entertainment	7	255	-	30	62.4%	0.2%	51	32	34	4.3%	-
Fleet services (including government motor transport)	90	166	276	522	79.7%	0.6%	212	535	561	2.4%	0.5%
Inventory: Materials and supplies	-	-	-	-	-	-	1	-	-	-	-
Consumable supplies	46	58	354	1 097	187.8%	0.9%	435	529	550	-20.6%	0.8%
Consumables: Stationery, printing and office supplies	427	1 201	907	1 263	43.5%	2.1%	2 528	2 407	2 481	25.2%	2.6%
Operating leases	904	667	6 839	15 640	158.6%	13.2%	16 964	17 333	18 309	5.4%	20.5%
Rental and hiring	2	-	4	65	219.1%	-	-	-	-	-100.0%	-
Property payments	2	-	-	1	-20.6%	-	-	450	475	680.2%	0.3%
Transport provided: Departmental activity	-	100	-	-	-	0.1%	-	-	-	-	-
Travel and subsistence	20 574	15 180	19 309	22 819	3.5%	42.8%	23 997	29 331	30 867	10.6%	32.1%
Training and development	1 284	1 250	3 738	1 116	-4.6%	4.1%	1 500	-	-	-100.0%	0.8%
Operating payments	748	1 482	335	513	-11.8%	1.7%	321	390	412	-7.0%	0.5%
Venues and facilities	1 390	1 743	1 233	2 698	24.7%	3.9%	3 266	3 818	4 046	14.5%	4.1%
Total	31 771	27 130	44 320	78 792	35.4%	100.0%	79 518	85 417	89 933	4.5%	100.0%

Transfers and subsidies expenditure trends and estimates

Table 31.5 Vote transfers and subsidies trends and estimates

	Audited outcome			Adjusted appropriation 2016/17	Average growth rate (%) 2013/14 - 2016/17	Average: Expenditure/Total (%) 2013/14 - 2016/17	Medium-term expenditure estimate			Average growth rate (%) 2016/17 - 2019/20	Average: Expenditure/Total (%) 2016/17 - 2019/20
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20		
R thousand											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	661 497	644 398	622 835	633 814	-1.4%	63.3%	735 701	778 371	821 959	9.1%	59.3%
Small Enterprise Development Agency	525 372	502 283	478 183	481 495	-2.9%	49.1%	575 766	609 160	643 272	10.1%	46.1%
Small Enterprise Development Agency: Technology programme	123 295	126 368	132 181	139 187	4.1%	12.9%	146 146	154 622	163 281	5.5%	12.0%
Small Enterprise Development Agency: Capacity building programme	12 830	15 747	12 471	13 132	0.8%	1.3%	13 789	14 589	15 406	5.5%	1.1%
Public corporations and private enterprises											
Other transfers to public corporations											
Current	-	9 000	18 751	10 000	-	0.9%	10 000	10 000	10 560	1.8%	0.8%
Industrial Development Corporation: Isivande Women's Fund	-	-	8 751	-	-	0.2%	-	-	-	-	-
Industrial Development Corporation: Craft customised sector programme	-	9 000	10 000	10 000	-	0.7%	10 000	10 000	10 560	1.8%	0.8%
Public corporations and private enterprises											
Other transfers to private enterprises											
Current	294 101	353 302	299 874	461 972	16.2%	34.8%	484 571	512 146	540 826	5.4%	39.9%
Various institutions: Black business supplier development programme	218 621	278 302	224 876	245 000	3.9%	23.9%	256 750	270 953	286 126	5.3%	21.1%
Various institutions: Cooperatives incentive scheme	75 480	75 000	74 998	75 000	-0.2%	7.4%	78 750	83 318	87 984	5.5%	6.5%
Various institutions: National informal business upliftment scheme	-	-	-	95 698	-	2.4%	99 406	103 138	108 914	4.4%	8.1%
Various institutions: Enterprise incubation programme	-	-	-	46 274	-	1.1%	49 665	54 737	57 802	7.7%	4.2%

Table 31.5 Vote transfers and subsidies trends and estimates

R thousand	Audited outcome			Adjusted appropriation 2016/17	Average growth rate (%) 2013/14 - 2016/17	Average: Expenditure/Total (%)	Medium-term expenditure estimate			Average growth rate (%) 2016/17 - 2019/20	Average: Expenditure/Total (%)
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20		
Non-profit institutions											
Current	8 335	16 320	16 726	-	-100.0%	1.0%	-	-	-	-	-
South African Women Entrepreneurs Network	8 335	16 320	16 726	-	-100.0%	1.0%	-	-	-	-	-
Households											
Social benefits											
Current	155	22	61	-	-100.0%	-	-	-	-	-	-
Employee social benefits	155	22	61	-	-100.0%	-	-	-	-	-	-
Households											
Other transfers to households											
Current	154	-	2	-	-100.0%	-	-	-	-	-	-
Gifts and donations	154	-	2	-	-100.0%	-	-	-	-	-	-
Total	964 242	1 023 042	958 249	1 105 786	4.7%	100.0%	1 230 272	1 300 517	1 373 345	7.5%	100.0%

Personnel information

Table 31.6 Vote personnel numbers and cost by salary level and programme¹

Number of posts estimated for 31 March 2017		Number and cost ² of personnel posts filled / planned for on funded establishment												Number		
Number of funded posts	Number of posts additional to the establishment	Actual		Revised estimate		Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/Total (%)			
		2015/16	Unit cost	2016/17	Unit cost	2017/18		2018/19		2019/20				2016/17 - 2019/20		
Salary level	205	23	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	0.7%	100.0%
1 - 6	24	8	15	3.1	0.2	27	4.9	0.2	29	6.6	0.2	30	7.6	0.3	3.6%	14.0%
7 - 10	89	9	70	26.2	0.4	92	34.5	0.4	102	45.2	0.4	93	44.7	0.5	0.4%	45.9%
11 - 12	42	3	37	25.4	0.7	43	31.2	0.7	47	37.7	0.8	43	37.6	0.9	-	21.3%
13 - 16	48	3	32	34.2	1.1	37	39.7	1.1	37	43.4	1.2	37	46.6	1.3	-	17.9%
Other	2	-	2	4.2	2.1	2	4.4	2.2	2	4.6	2.3	2	4.9	2.5	-	1.0%
Programme	205	23	156	93.1	0.6	201	114.7	0.6	217	137.5	0.6	205	141.4	0.7	0.7%	100.0%
Programme 1	94	11	51	34.6	0.7	97	52.4	0.5	113	70.1	0.6	101	68.6	0.7	1.4%	49.8%
Programme 2	15	-	14	9.9	0.7	13	10.0	0.8	13	10.8	0.8	13	11.6	0.9	-	6.3%
Programme 3	96	12	91	48.6	0.5	91	52.2	0.6	91	56.5	0.6	91	61.1	0.7	-	44.0%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Departmental receipts

Table 31.7 Departmental receipts by economic classification

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Average: Receipt item/Total (%)	Medium-term receipts estimate			Average growth rate (%)	Average: Receipt item/Total (%)
	2013/14	2014/15	2015/16					2016/17	2017/18	2018/19		
Departmental receipts	-	-	121	50	50	-	100.0%	55	60	70	11.9%	100.0%
Sales of goods and services produced by department	-	-	121	50	50	-	100.0%	55	60	70	11.9%	100.0%
Sales by market establishments	-	-	121	50	50	-	100.0%	55	60	70	11.9%	100.0%
Total	-	-	121	50	50	-	100.0%	55	60	70	11.9%	100.0%

Programme 1: Administration

Programme purpose

Provide strategic leadership, management and support services to the department.

Expenditure trends and estimates

Table 31.8 Administration expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average Expenditure/Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average Expenditure/Total (%)
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19		
R thousand											
Ministry	13 452	22 376	29 898	24 993	22.9%	42.0%	30 802	26 802	28 622	4.6%	21.9%
Departmental Management	-	-	15 232	18 660	-	15.7%	21 018	19 333	20 680	3.5%	15.7%
Corporate Services	-	-	21 317	42 807	-	29.7%	49 956	52 948	56 204	9.5%	39.8%
Financial Management	-	-	-	15 514	-	7.2%	18 780	17 877	19 123	7.2%	14.0%
Communications	-	-	-	11 982	-	5.5%	7 058	11 839	12 613	1.7%	8.6%
Total	13 452	22 376	66 447	113 956	103.9%	100.0%	127 614	128 799	137 242	6.4%	100.0%
Change to 2016 Budget estimate				(4 124)			6 082	3 740	5 180		
Economic classification	12 539	21 264	63 479	109 956	106.2%	95.8%	125 060	126 215	134 519	7.0%	97.7%
Current payments											
Compensation of employees	3 837	11 407	34 591	57 765	146.9%	49.8%	70 115	68 617	73 834	8.5%	53.3%
Goods and services ¹	8 702	9 857	28 888	52 191	81.7%	46.1%	54 945	57 598	60 685	5.2%	44.4%
of which:											
Advertising	-	685	1 945	2 960	-	2.6%	2 365	3 350	3 538	6.1%	2.4%
Audit costs: External	-	-	1 072	3 274	-	2.0%	3 800	3 435	3 570	2.9%	2.8%
Computer services	-	-	3 897	7 072	-	5.1%	6 360	6 705	7 126	0.3%	5.4%
Consumables: Stationery, printing and office supplies	42	198	666	804	167.5%	0.8%	2 137	1 825	1 869	32.5%	1.3%
Operating leases	458	158	6 839	15 101	220.7%	10.4%	16 984	16 543	17 475	5.0%	13.0%
Travel and subsistence	7 804	6 449	10 610	11 237	12.9%	16.7%	12 702	15 693	16 602	13.9%	11.1%
Payments for capital assets	913	1 112	2 968	4 000	63.6%	4.2%	2 554	2 584	2 723	-12.0%	2.3%
Machinery and equipment	913	1 112	2 951	4 000	63.6%	4.2%	2 554	2 584	2 723	-12.0%	2.3%
Software and other intangible assets	-	-	17	-	-	-	-	-	-	-	-
Total	13 452	22 376	66 447	113 956	103.9%	100.0%	127 614	128 799	137 242	6.4%	100.0%
Proportion of total programme expenditure to vote expenditure	1.3%	2.0%	6.0%	8.6%	-	-	8.8%	8.4%	8.5%	-	-

1. Estimates of National Expenditure data tables are available and can be downloaded from www.treasury.gov.za. These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

Personnel information

Table 31.9 Administration personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2017		Number and cost ² of personnel posts filled / planned for on funded establishment										Number							
Number of funded posts	Number of posts additional to the establishment	Actual		Revised estimate			Medium-term expenditure estimate					Average growth rate (%)	Average Salary level/Total (%)						
		2015/16		2016/17			2017/18		2018/19		2019/20								
		Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost						
Administration																			
Salary level	94	11	51	34.6	0.7	97	52.4	0.5	113	70.1	0.6	101	68.6	0.7	101	73.8	0.7	1.4%	100.0%
1 - 6	18	4	9	1.7	0.2	21	3.5	0.2	23	5.0	0.2	24	5.9	0.2	24	6.3	0.3	4.6%	22.3%
7 - 10	31	4	13	5.0	0.4	34	11.0	0.3	44	19.7	0.4	35	17.0	0.5	35	18.4	0.5	1.0%	35.9%
11 - 12	20	1	14	9.8	0.7	23	16.3	0.7	27	21.5	0.8	23	20.1	0.9	23	21.8	0.9	-	23.3%
13 - 16	23	2	13	13.9	1.1	17	17.3	1.0	17	19.3	1.1	17	20.7	1.2	17	22.2	1.3	-	16.5%
Other	2	-	2	4.2	2.1	2	4.4	2.2	2	4.6	2.3	2	4.9	2.5	2	5.2	2.6	-	1.9%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Programme 2: Small, Medium and Micro Enterprises and Cooperatives Policy and Research

Programme purpose

Formulate policy and conduct research for the development and growth of sustainable small businesses and cooperatives that contribute to the creation of employment and economic growth.

Objective

- Promote a sustainable and competitive environment for SMMEs and cooperatives over the medium term by:
 - reviewing the enterprise development strategy framework
 - conducting relevant and focused research on the legislative and regulatory protocols that impede the development and growth of small businesses
 - amending the Cooperatives Development Act (2005)

- amending the National Small Business Act (1996).

Subprogrammes

- *Policy, Research and Legislation* produces reliable information for policy formulation on support to SMMEs and cooperatives.
- *Monitoring and Evaluation* provides quantifiable analysis and information on SMMEs and cooperatives in South Africa.
- *International Relations* manages, coordinates, and facilitates international relations interventions focusing on the development of SMMEs and cooperatives.

Expenditure trends and estimates

Table 31.10 Small, Medium and Micro Enterprises and Cooperatives Policy and Research expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19		
R thousand											
Policy, Research and Legislation	13 527	11 707	11 692	21 563	16.8%	93.2%	11 230	12 996	13 811	-13.8%	60.9%
Monitoring and Evaluation	–	–	–	4 272	–	6.8%	6 657	7 111	7 483	20.5%	26.1%
International Relations	–	–	–	–	–	–	4 112	4 178	4 416	–	13.0%
Total	13 527	11 707	11 692	25 835	24.1%	100.0%	21 999	24 285	25 710	-0.2%	100.0%
Change to 2016 Budget estimate				(270)			(4 244)	(4 819)	(5 024)		
Economic classification											
Current payments	13 437	11 640	11 675	25 775	24.3%	99.6%	21 999	24 285	25 710	-0.1%	99.9%
Compensation of employees	7 801	9 783	9 908	14 186	22.1%	66.4%	10 800	11 616	12 470	-4.2%	50.2%
Goods and services ¹	5 636	1 857	1 767	11 589	27.2%	33.2%	11 199	12 669	13 240	4.5%	49.8%
of which:											
Administrative fees	–	32	–	306	–	0.5%	60	600	634	27.5%	1.6%
Catering: Departmental activities	101	22	9	362	53.0%	0.8%	90	505	533	13.8%	1.5%
Communication	41	91	52	260	85.1%	0.7%	86	345	365	12.0%	1.1%
Consultants: Business and advisory services	563	–	–	6 763	129.0%	11.7%	7 200	5 352	5 652	-5.8%	25.5%
Travel and subsistence	2 656	1 171	1 166	2 925	3.3%	12.6%	3 461	4 793	4 923	19.0%	16.5%
Venues and facilities	125	–	288	650	73.2%	1.7%	170	584	617	-1.7%	2.1%
Transfers and subsidies¹	55	22	–	–	-100.0%	0.1%	–	–	–	–	–
Households	55	22	–	–	-100.0%	0.1%	–	–	–	–	–
Payments for capital assets	35	45	17	60	19.7%	0.3%	–	–	–	-100.0%	0.1%
Machinery and equipment	35	45	17	60	19.7%	0.3%	–	–	–	-100.0%	0.1%
Total	13 527	11 707	11 692	25 835	24.1%	100.0%	21 999	24 285	25 710	-0.2%	100.0%
Proportion of total programme expenditure to vote expenditure	1.3%	1.0%	1.1%	2.0%	–	–	1.5%	1.6%	1.6%	–	–
Details of transfers and subsidies											
Households											
Social benefits											
Current	55	22	–	–	-100.0%	0.1%	–	–	–	–	–
Employee social benefit	55	22	–	–	-100.0%	0.1%	–	–	–	–	–

1. Estimates of National Expenditure data tables are available and can be downloaded from www.treasury.gov.za. These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

Personnel information

Table 31.11 Small, Medium and Micro Enterprises and Cooperatives Policy and Research personnel numbers and cost by salary level¹

Salary level	Number of posts estimated for 31 March 2017	Number of posts additional to the establishment	Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/Total (%)			
			2015/16	2016/17	2017/18	2018/19	2019/20	2016/17 - 2019/20											
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost					
Small, Medium and Micro Enterprises and Cooperatives Policy and Research																			
Salary level	15	–	14	9.9	0.7	13	10.0	0.8	13	10.8	0.8	13	11.6	0.9	13	12.5	1.0	–	100.0%
7 – 10	5	–	5	1.8	0.4	4	1.5	0.4	4	1.6	0.4	4	1.8	0.4	4	1.9	0.5	–	30.8%
11 – 12	4	–	4	2.8	0.7	4	3.1	0.8	4	3.3	0.8	4	3.5	0.9	4	3.8	0.9	–	30.8%
13 – 16	6	–	5	5.2	1.0	5	5.5	1.1	5	5.9	1.2	5	6.3	1.3	5	6.8	1.4	–	38.5%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Programme 3: Small, Medium and Micro Enterprises and Cooperatives

Programme Design and Support

Programme purpose

Create an enabling environment for the development and growth of sustainable small businesses and cooperatives that contribute to the creation of employment and economic growth.

Objectives

- Promote the broader participation of small businesses and cooperatives in the mainstream economy by providing financial incentives to 2 891 small businesses and cooperatives through the black business supplier development programme and the cooperative incentive scheme, and 18 informal business structures through the shared economic infrastructure facility over the medium term.
- Develop and grow SMMEs and cooperatives in townships and rural areas by supporting 5 445 informal businesses through the national informal business upliftment scheme over the medium term.
- Attract and establish public and private partnerships to maximise support for SMMEs and cooperatives through the enterprise incubation programme by financing 12 incubators over the medium term.

Subprogrammes

- *Competitiveness Support* creates an enabling environment for small businesses to strengthen the local economy.
- *Enterprise Development* manages and facilitates the establishment of new and productive enterprises, and manages the sustainability and growth of existing small businesses.
- *Cooperatives Development* manages, facilitates and supports the development of cooperatives in order to improve their competitiveness and growth.
- *Market Development* establishes strategic partnerships with other spheres of government and the private sector for the sustainable development of SMMEs and cooperatives through ensuring access to markets, expansion into new markets and support for innovation.
- *Small Medium and Micro Enterprises Development Finance* ensures access to finance for small businesses to facilitate participation in the mainstream economy.

Expenditure trends and estimates

Table 31.12 Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19		
R thousand											
Competitiveness Support	25 201	32 669	42 555	109 174	63.0%	4.9%	112 623	114 603	121 207	3.5%	8.6%
Enterprise Development	686 909	681 234	652 834	656 768	-1.5%	62.0%	762 552	809 734	855 536	9.2%	58.1%
Cooperatives Development	-	3 393	3 949	6 847	-	0.3%	7 976	8 504	9 083	9.9%	0.6%
Market Development	-	-	-	61 346	-	1.4%	57 943	65 799	69 756	4.4%	4.8%
Small Medium and Micro Enterprises Development Finance	313 289	374 157	321 414	344 513	3.2%	31.4%	359 089	378 150	399 733	5.1%	27.9%
Total	1 025 399	1 091 453	1 020 752	1 178 648	4.8%	100.0%	1 300 183	1 376 790	1 455 315	7.3%	100.0%
Change to 2016				(2 606)			(11 495)	(9 026)	(8 107)		
Budget estimate											

Table 31.12 Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support expenditure trends and estimates by subprogramme and economic classification

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/Total (%)
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19		
R thousand											
Current payments	61 127	67 979	62 299	72 742	6.0%	6.1%	69 911	76 273	81 970	4.1%	5.7%
Compensation of employees	43 694	52 563	48 634	57 730	9.7%	4.7%	56 537	61 123	65 962	4.5%	4.5%
Goods and services ¹	17 433	15 416	13 665	15 012	-4.9%	1.4%	13 374	15 150	16 008	2.2%	1.1%
of which:											
Catering: Departmental activities	735	543	676	527	-10.5%	0.1%	305	640	680	8.9%	-
Consultants: Business and advisory services	896	1 448	-	2 882	47.6%	0.1%	2 000	2 000	2 112	-9.8%	0.2%
Consumables: Stationery, printing and office supplies	288	553	2	326	4.2%	-	294	363	382	5.4%	-
Operating leases	409	450	-	424	1.2%	-	-	631	666	16.2%	-
Travel and subsistence	10 114	7 560	7 533	8 657	-5.1%	0.8%	7 834	8 845	9 342	2.6%	0.7%
Venues and facilities	1 265	1 226	760	950	-9.1%	0.1%	2 476	1 876	1 987	27.9%	0.1%
Transfers and subsidies¹	964 187	1 023 020	958 249	1 105 786	4.7%	93.9%	1 230 272	1 300 517	1 373 345	7.5%	94.3%
Departmental agencies and accounts	661 497	644 398	622 835	633 814	-1.4%	59.4%	735 701	778 371	821 959	9.1%	55.9%
Public corporations and private enterprises	294 101	362 302	318 625	471 972	17.1%	33.5%	494 571	522 146	551 386	5.3%	38.4%
Non-profit institutions	8 335	16 320	16 726	-	-100.0%	1.0%	-	-	-	-	-
Households	254	-	63	-	-100.0%	-	-	-	-	-	-
Payments for capital assets	85	454	204	120	12.2%	-	-	-	-	-100.0%	-
Machinery and equipment	85	454	204	120	12.2%	-	-	-	-	-100.0%	-
Total	1 025 399	1 091 453	1 020 752	1 178 648	4.8%	100.0%	1 300 183	1 376 790	1 455 315	7.3%	100.0%
Proportion of total programme expenditure to vote expenditure	97.4%	97.0%	92.9%	89.4%	-	-	89.7%	90.0%	89.9%	-	-
Details of transfers and subsidies											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	661 497	644 398	622 835	633 814	-1.4%	59.4%	735 701	778 371	821 959	9.1%	55.9%
Small Enterprise Development Agency	525 372	502 283	478 183	481 495	-2.9%	46.0%	575 766	609 160	643 272	10.1%	43.5%
Small Enterprise Development Agency: Technology programme	123 295	126 368	132 181	139 187	4.1%	12.1%	146 146	154 622	163 281	5.5%	11.4%
Small Enterprise Development Agency: Capacity building programme	12 830	15 747	12 471	13 132	0.8%	1.3%	13 789	14 589	15 406	5.5%	1.1%
Non-profit institutions											
Current	8 335	16 320	16 726	-	-100.0%	1.0%	-	-	-	-	-
South African Women Entrepreneurs Network	8 335	16 320	16 726	-	-100.0%	1.0%	-	-	-	-	-
Households											
Social benefits											
Current	100	-	61	-	-100.0%	-	-	-	-	-	-
Employee social benefits	100	-	61	-	-100.0%	-	-	-	-	-	-
Households											
Other transfers to households											
Current	154	-	2	-	-100.0%	-	-	-	-	-	-
Gifts and Donations	154	-	2	-	-100.0%	-	-	-	-	-	-
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	-	9 000	18 751	10 000	-	0.9%	10 000	10 000	10 560	1.8%	0.8%
Industrial Development Corporation:											
Isivande Women's Fund	-	-	8 751	-	-	0.2%	-	-	-	-	-
Industrial Development Corporation: Craft customised sector programme	-	9 000	10 000	10 000	-	0.7%	10 000	10 000	10 560	1.8%	0.8%
Public corporations and private enterprises											
Private enterprises											
Other transfers to private enterprises											
Current	294 101	353 302	299 874	461 972	16.2%	32.6%	484 571	512 146	540 826	5.4%	37.6%
Various institutions: Black business supplier development programme	218 621	278 302	224 876	245 000	3.9%	22.4%	256 750	270 953	286 126	5.3%	19.9%
Various institutions: Cooperatives incentive scheme	75 480	75 000	74 998	75 000	-0.2%	7.0%	78 750	83 318	87 984	5.5%	6.1%
Various institutions: National informal business upliftment scheme	-	-	-	95 698	-	2.2%	99 406	103 138	108 914	4.4%	7.7%
Various institutions: Enterprise incubation programme	-	-	-	46 274	-	1.1%	49 665	54 737	57 802	7.7%	3.9%

1. Estimates of National Expenditure data tables are available and can be downloaded from www.treasury.gov.za. These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

Personnel information

Table 31.13 Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2017			Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/Total (%)			
			2015/16			2016/17			2017/18		2018/19		2019/20				2016/17 - 2019/20		
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost				Number	Cost
Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support																			
Salary level	96	12	91	48.6	0.5	91	52.2	0.6	91	56.5	0.6	91	61.1	0.7	91	66.0	0.7	-	100.0%
1-6	6	4	6	1.3	0.2	6	1.4	0.2	6	1.6	0.3	6	1.7	0.3	6	1.8	0.3	-	6.6%
7-10	53	5	52	19.4	0.4	54	22.0	0.4	54	23.9	0.4	54	25.9	0.5	54	28.0	0.5	-	59.3%
11-12	18	2	19	12.8	0.7	16	11.9	0.7	16	12.9	0.8	16	14.0	0.9	16	15.1	0.9	-	17.6%
13-16	19	1	14	15.1	1.1	15	16.9	1.1	15	18.2	1.2	15	19.6	1.3	15	21.0	1.4	-	16.5%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Entity¹

Small Enterprise Development Agency

Mandate

The Small Enterprise Development Agency was established in December 2004 in terms of the National Small Business Amendment Act (2004). It is mandated to implement government's small business strategy, design and implement a standard and common national delivery network for small enterprise development, and integrate government-funded small enterprise support agencies across all tiers of government.

Selected performance indicators

Table 31.14 Small Enterprise Development Agency performance indicators by programme/objective/activity and related outcome

Indicator	Programme/Objective/Activity	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of small enterprises assessed and provided with advice per year	Improve the sustainability of small enterprises and cooperatives	Outcome 4: Decent employment through inclusive growth	10 619	10 697	10 679	10 830	10 290	9 776 ¹	9 287 ¹
Number of clients assisted in the supplier development programme per year	Improve the sustainability of small enterprises and cooperatives		-2	-2	83	150	225	300	325
Number of clients supported through the trade facilitation programme per year	Improve the sustainability of small enterprises and cooperatives		-2	-2	147	100	125	150	175
Number of clients supported through mentorship and coaching programmes per year	Improve the sustainability of small enterprises and cooperatives		-2	-2	94	100	125	150	175
Number of clients trained on national and international standards per year	Improve the sustainability of small enterprises and cooperatives		825	696	609	563	591	621	660
Number of secondary marketing cooperatives supported per year	Improve the sustainability of small enterprises and cooperatives		28	35	40	45	54	63	80
Number of primary cooperatives established per year	Improve the sustainability of small enterprises and cooperatives		-2	-2	166	90	90	90	120
Number of clients assisted in the National Gazelles programme per year	Improve the sustainability of small enterprises and cooperatives		-2	-2	-2	200	200	200	200
Number of partnerships for small business development and support per year	Maximise support offered to agency clients through stakeholder contribution		-2	-2	-2	20	25	25	30
Number of incubators supported per year	Assist SMMEs with technology through the organisation's technology programme		43	48	57	55	57	58	60
Number of clients placed in business incubators per year	Assist SMMEs with technology through the organisation's technology programme		1 587	3 016	2 492	2 069	2 276	2 503	2 600
Number of clients supported through technology transfer programmes per year	Assist SMMEs with technology through the organisation's technology programme		42	42	67	69	72	75	78

¹ This section has been compiled with the latest information from the entity concerned.

Table 31.14 Small Enterprise Development Agency performance indicators by programme/objective/activity and related outcome

Indicator	Programme/Objective/Activity	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Number of clients supported through conformity assessment and product testing programmes per year	Assist SMMEs with technology through the organisation's technology programme	Outcome 4: Decent employment through inclusive growth	173	161	153	151	158	165	172
Number of clients supported through systems implementation programme per year	Assist SMMEs with technology through the organisation's technology programme		43	44	42	36	38	40	45

1. Target decreases due to budget reduction.

2. No historical data available.

Expenditure analysis

The Small Enterprise Development Agency contributes to the implementation of government's small business strategy, as expressed through outcome 4 (decent employment through inclusive growth) of government's 2014-2019 medium-term strategic framework. The strategy calls on the agency to develop, support and promote small enterprises throughout the country. Its work ensures the growth and sustainability of small enterprises, in coordination and partnership with other government institutions and the private sector.

Over the medium term, the agency will support and promote small business enterprises through business incubation initiatives, participate in interventions directed towards small and medium enterprises, assist cooperatives, and prioritise the growth of the manufacturing, agro-processing and ICT sectors. This includes providing an estimated 850 clients with support over the medium term through the supplier development programme, which is a collaboration with state-owned enterprises and public and private institutions. The programme assists small enterprises in securing opportunities to become suppliers to the private and public sectors, and builds their capacity to deliver.

The agency's enterprise development fund will also provide non-financial support to SMMEs and cooperatives. This includes services such as business advice, training, mentorship and product testing, which will be provided to an estimated 29 353 small enterprises and cooperatives over the medium term. The technology transfer programme is set to stimulate economic growth and development by facilitating technological innovation, and increasing accessibility of financial and non-financial technology transfers, business incubation and quality support services for small enterprises. The programme offers financial assistance of up to R600 000 per project as a non-repayable grant. A projected R603.2 million will be spent on this programme over the medium term.

The National Gazelles programme proposes an innovative approach to small business development through identifying and strengthening potential high growth businesses that add value and have a manufacturing focus. The programme facilitates access for selected enterprises to business support and incentives to ensure that they realise their potential. The programme will support a projected 600 small enterprises over the medium term. The budget for the gazelles programme is included within the allocation for the objective 'improve the sustainability of small enterprises and cooperatives'. This objective is allocated R609.7 million over the medium term.

Providing assistance to small enterprises and cooperatives, and maintaining branches nationwide is expected to drive expenditure on goods and services to reach R1.3 billion, or 57 per cent of total expenditure, over the medium term. It is also expected to increase spending on compensation of employees from R292.6 million in 2016/17 to R359.5 million by 2019/20, at an average annual rate of 7.1 per cent.

Programmes/objectives/activities

Table 31.15 Small Enterprise Development Agency expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2013/14	2014/15	2015/16				2016/17	2017/18	2018/19		
R thousand					2013/14 - 2016/17		2017/18	2018/19	2019/20	2016/17 - 2019/20	
Improve the sustainability of small enterprises and cooperatives	161 357	166 519	185 808	162 754	0.3%	24.5%	198 940	211 283	199 472	7.0%	24.5%
Increase Seda delivery network to reach unserved areas	146 841	151 910	166 191	157 284	2.3%	22.5%	174 625	184 007	178 588	4.3%	22.1%
Maximise support offered to Seda clients through stakeholder contribution	177 467	207 096	221 370	246 491	11.6%	30.6%	225 625	220 562	283 999	4.8%	31.0%
Assist SMMEs with technology through the organisation's technology programme	135 637	119 718	169 294	203 121	14.4%	22.4%	158 336	167 519	176 900	-4.5%	22.4%
Total	621 302	645 243	742 663	769 650	7.4%	100.0%	757 526	783 371	838 959	2.9%	100.0%

Statements of historical financial performance and position

Table 31.16 Small Enterprise Development Agency statements of historical financial performance and position

Statement of financial performance									
R thousand	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Budget estimate	Revised estimate	Average: Outcome/Budget (%)
	2013/14		2014/15		2015/16		2016/17		2013/14 - 2016/17
Revenue									
Non-tax revenue	13 000	64 133	43 001	88 702	158 702	85 359	43 000	135 836	145.1%
Other non-tax revenue	13 000	64 133	43 001	88 702	158 702	85 359	43 000	135 836	145.1%
Transfers received	603 666	576 979	624 650	624 650	610 364	610 364	633 814	633 814	98.9%
Total revenue	616 666	641 112	667 651	713 352	769 066	695 723	676 814	769 650	103.3%
Expenses									
Current expenses	608 500	621 302	667 651	645 243	769 066	742 663	676 814	769 650	102.1%
Compensation of employees	241 188	226 944	257 194	230 924	272 240	263 393	291 296	292 551	95.5%
Goods and services	350 967	379 042	393 798	398 964	483 443	463 809	372 132	467 346	106.8%
Depreciation	14 500	12 964	14 774	13 480	13 383	15 093	13 386	9 753	91.5%
Interest, dividends and rent on land	1 845	2 352	1 885	1 875	-	368	-	-	123.2%
Total expenses	608 500	621 302	667 651	645 243	769 066	742 663	676 814	769 650	102.1%
Surplus/(Deficit)	8 166	19 810	-	68 109	-	(46 940)	-	-	
Statement of financial position									
Carrying value of assets	44 621	34 269	44 000	37 242	59 442	56 287	54 000	54 000	90.0%
of which:									
Acquisition of assets	(13 044)	(10 236)	(8 955)	(17 066)	(35 582)	(35 554)	(8 000)	(6 817)	106.2%
Inventory	270	383	257	412	380	520	380	572	146.6%
Receivables and prepayments	9 800	9 637	8 500	12 634	10 000	7 776	11 000	11 000	104.4%
Cash and cash equivalents	130 458	308 045	135 001	273 755	185 355	177 993	148 705	159 571	153.4%
Total assets	185 149	352 334	187 758	324 043	255 177	242 576	214 085	225 143	135.9%
Accumulated surplus/(deficit)	18 000	43 303	15 000	111 413	56 863	64 473	15 000	50 000	256.7%
Capital reserve fund	82	-	-	-	-	-	-	-	-
Finance lease	11 000	11 761	11 338	11 188	-	-	-	-	102.7%
Trade and other payables	137 500	278 633	140 891	181 016	176 272	152 497	175 500	148 257	120.7%
Provisions	18 567	18 637	20 529	18 714	22 042	24 875	23 585	26 119	104.3%
Derivatives financial instruments	-	-	-	1 712	-	731	-	768	-
Total equity and liabilities	185 149	352 334	187 758	324 043	255 177	242 576	214 085	225 143	135.9%

Statements of estimates of financial performance and position

Table 31.17 Small Enterprise Development Agency statements of estimates of financial performance and position

Statement of financial performance									
R thousand	Revised estimate	Average growth rate (%)	Average: Expenditure/Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/Total (%)	
	2016/17	2013/14 - 2016/17		2017/18	2018/19	2019/20	2016/17 - 2019/20		
Revenue									
Non-tax revenue	135 836	28.4%	13.1%	21 825	5 000	17 000	-50.0%	5.8%	
Other non-tax revenue	135 836	28.4%	13.1%	21 825	5 000	17 000	-50.0%	5.8%	
Transfers received	633 814	3.2%	86.9%	735 701	778 371	821 959	9.1%	94.2%	
Total revenue	769 650	6.3%	100.0%	757 526	783 371	838 959	2.9%	100.0%	
Expenses									
Current expenses	769 650	7.4%	100.0%	757 526	783 371	838 959	2.9%	114.7%	
Compensation of employees	292 551	8.8%	36.4%	313 972	335 950	359 466	7.1%	41.3%	
Goods and services	467 346	7.2%	61.5%	429 790	433 107	464 607	-0.2%	57.0%	
Depreciation	9 753	-9.1%	1.9%	13 764	14 314	14 886	15.1%	1.7%	
Total expenses	769 650	7.4%	100.0%	757 526	783 371	838 959	2.9%	100.0%	
Surplus/(Deficit)	-	(1)		-	-	-	-		
Statement of financial position									
Carrying value of assets	54 000	16.4%	17.1%	56 730	62 517	65 651	6.7%	30.3%	
of which:									
Acquisition of assets	(6 817)	-12.7%	-6.5%	(8 700)	(9 500)	(9 880)	13.2%	-4.4%	
Inventory	572	14.3%	0.2%	629	761	837	13.6%	0.4%	
Receivables and prepayments	11 000	4.5%	3.7%	10 670	10 039	9 738	-4.0%	5.2%	
Cash and cash equivalents	159 571	-19.7%	79.0%	144 379	109 302	104 345	-13.2%	64.1%	
Total assets	225 143	-13.9%	100.0%	212 408	182 620	180 572	-7.1%	100.0%	
Accumulated surplus/(deficit)	50 000	4.9%	23.9%	40 000	15 000	15 000	-33.1%	14.4%	
Trade and other payables	148 257	-19.0%	65.9%	144 178	136 496	132 892	-3.6%	70.5%	
Provisions	26 119	11.9%	8.2%	27 425	30 236	31 748	6.7%	14.7%	
Derivatives financial instruments	768	-	0.3%	806	889	933	6.7%	0.4%	
Total equity and liabilities	225 143	-13.9%	100.0%	212 408	182 620	180 572	-7.1%	100.0%	

Personnel information

Table 31.18 Small Enterprise Development Agency personnel numbers and cost by salary level

Number of posts estimated for 31 March 2017		Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Average: Salary level/Total (%)	
		2015/16			2016/17			2017/18			2018/19			2019/20					2016/17 - 2019/20
Agency		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Small Enterprise Development Agency	674	690	643	263.4	0.4	674	292.6	0.4	674	314.0	0.5	674	336.0	0.5	674	359.5	0.5	7.1%	100.0%
1 – 6	169	169	169	27.6	0.2	169	30.7	0.2	169	32.9	0.2	169	35.2	0.2	169	37.7	0.2	7.1%	25.1%
7 – 10	431	447	400	168.5	0.4	431	187.1	0.4	431	200.8	0.5	431	214.9	0.5	431	229.9	0.5	7.1%	63.9%
11 – 12	60	60	60	48.7	0.8	60	54.1	0.9	60	58.0	1.0	60	62.1	1.0	60	66.4	1.1	7.1%	8.9%
13 – 16	13	13	13	16.4	1.3	13	18.2	1.4	13	19.5	1.5	13	20.9	1.6	13	22.3	1.7	7.1%	1.9%
17 – 22	1	1	1	2.3	2.3	1	2.5	2.5	1	2.7	2.7	1	2.9	2.9	1	3.1	3.1	7.1%	0.1%

1. Rand million.

Additional table: Summary of donor funding

Donor	Project	Programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome		Estimate	Medium-term expenditure estimate	
							2013/14	2014/15		2015/16	2017/18
R thousand Foreign In cash											
African Development Bank	Enterprise Development Support	Small, Medium and Micro Enterprises and Cooperatives Programme Design and Support	2 years	412	Goods and services	Support local economic development	-	-	200	212	-
Total				412			-	-	200	212	-

BUDGET 2017

ESTIMATES OF NATIONAL EXPENDITURE

Private Bag X115, Pretoria, 0001 | 40 Church Square, Pretoria, 0002
Tel +27 12 315 5944 | Fax +27 12 395 6697



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

